

February 10th 1959

COCOM Document No. 3416.00/2

COORDINATING COMMITTEE

5 General

RECORD OF DISCUSSIONONTHE REVISION OF THE STRATEGIC EXPORT CONTROLS:OUTSTANDING MATTERS CONCERNINGCATEGORY 601-699 - METALS, MINERALS AND THEIR MANUFACTURES.ITEMS 1635, 1648 (and 1720), 1661.29th and 30th January, 1959.

Present: Belgium(Luxembourg), Canada, Denmark, France, Germany, Italy, Japan, Netherlands, Norway, Turkey, United Kingdom, United States.

References: COCOM Documents 3016.00/4, 3016.35/1 and 2, 3016.61/1 and 2; 3416.00/1, 3416.48/1; COCOM Sub-C(58) 6 and 8; Metals and Alloys Working Paper 29.

1. The CHAIRMAN appealed to Delegations to explore all possibilities of reaching speedy agreement on Items 1635 and 1648, since it appeared that, in the present state of affairs, there was a lack of uniformity in the controls now being applied by Governments; this meant that one of the basic rules of the Committee was being broken.

2. The FRENCH Delegate referred to the presence, in both the Belgian and French Delegations, of technical experts in matters concerning cobalt compounds. He proposed therefore that Item 1648(d) should be discussed forthwith, on the basis of the Belgian Memorandum, COCOM Document 3416.48/1. This procedure was adopted.

Cobalt and Cobalt Compounds: Items 1648 and 1720

3. The BELGIAN Delegate, after having thanked the Committee for suspending this debate until it was possible for his country to be represented, explained that, owing to administrative readjustments, some degree of misunderstanding of the Committee's earlier agreements had arisen in Belgium and had necessitated lengthy consultations, not only between Government officials, but also with industrial circles; this was why his authorities had been obliged to request more time. Now, however, his Government's position could be stated.

4. When cobalt metal was being discussed, they had been placed in something of a predicament. As the Committee were aware, the Belgian Congo and Belgian industry had an important share in the Free World's production of cobalt. In recent times, however, consumption had decreased to a marked degree. In consequence, stocks had been accumulating considerably. There had therefore been two opposing schools of thought as to the embargo. Eventually, as the Committee knew, the Delegation had received instructions to advocate the retention of cobalt metal under embargo by virtue of the applicability of criterion (c) - the penury which had previously obtained in Eastern countries. It was not the Delegation's intention to reopen the discussion on cobalt metal: all that they wished to do was to point out the difficulties they had had to contend with in

CONFIDENTIAL

- 2 -

COCOM Document No. 3416.00/2

reaching a final decision in that connexion. After the Committee's summer recess, when it had been decided to discuss cobalt alloys and compounds, similar differences of opinion had manifested themselves once more. The Belgian point of view was that if, in the present strategic conjuncture, it was considered necessary to keep all cobalt ores and concentrates under embargo, then all cobalt scrap should also be maintained under embargo, as its rôle was equally important. There seemed to be some lack of logic in certain of the Committee's decisions. A liberalisation had been agreed for non-ferrous metals: nickel could now be exported within certain quantitative limits. The argument in this case had been that it was preferable to supply nickel to the Bloc (if accompanied by certain precautions, including the setting of a quantitative limit) rather than to encourage the Bloc to create its own industry. This argument applied also in the case of cobalt. The Belgian authorities did not fully grasp the Committee's reasons for opposing the liberalisation of cobalt compounds if a fairly wide liberalisation were agreed in the case of cobalt alloys. There was no objection on the part of the Belgian Delegation where alloys were concerned - but they did feel that, if the strategic position were examined carefully, it would be seen that a similar liberalisation should be applied to compounds. This became all the more reasonable if it were borne in mind that compounds were used principally, if not wholly, for civilian purposes. It had been argued that it was possible, by treating compounds, to extract cobalt metal, but that was also true for certain alloys.

5. The Belgian technical expert pointed out that, since there appeared to be a trend towards freeing certain alloys, it seemed illogical to maintain the embargo on cobalt oxides and salts. The salts principally concerned were sulphates (21%), acetates (24%), hydrates (27%), carbonates (49%), nitrates (20%) and chlorides (24%). As to oxides, these were subdivided into black oxides and grey oxides, with a cobalt content of between 70% and 76%. The freeing of certain alloys (to which the Belgian authorities did not object in principle) would, then, inevitably raise the parallel problem of freeing oxides and salts, which could not be said to be more strategic. Moreover, a strict and protracted embargo on finished products would entail the risk of the development by the Sino-Soviet Bloc of replacement industries of their own, and even of refineries. This would involve a greater danger for the West than the export of finished products, because, once such industries were in existence, they would be kept in operation at any cost - whereas, if the participating countries exported finished products only, they could cut off supplies at once in the event of a threat of hostilities. Furthermore, it would be in the economic interests of the West to supply finished products rather than raw materials, as this would relieve labour problems. The expert pointed out that a misunderstanding had arisen because of the definitions proposed in order to distinguish between the salts that would be covered and those which would be freed: one Delegation had proposed a reference to compounds "in their hydrated form" and another had suggested "in their anhydrous form". The expert suggested that there should be a clear and simple definition naming individually all the salts which would be freed for export. He thought that it would not be difficult for Delegations wishing to have certain salts freed to refer to them by name, so as to avoid ambiguity. Exportable cobalt salts should be defined according to current commercial practice, e.g.: "cobalt sulphate 21% co". Customs authorities would thus be able to carry out a check by means of a simple analysis; they could not work on the basis of a qualification such as "anhydrous" because they were not equipped to carry out complicated calculations.

6. The Belgian Delegate, in response to a query from the Chair, said that his Delegation could accept the proposed cut-off for compounds provided that it were expressed in a manner which would enable customs officers to exert a simple control.

CONFIDENTIAL

- 3 -

COCOM Document No. 3416.00/2

7. The UNITED STATES Delegate stated that he had already informed the Belgian Delegation informally of United States views on their Memorandum (COCOM Document 3416.48/1). The four types of compounds which the Belgian Delegate had earlier said would not be embargoed according to their understanding of the agreement reached (sulphates, acetates, nitrates and chlorides) had been considered by the United States Delegation to have been embargoed when the Committee had adopted the French formula, as amended by the United Kingdom (COCOM Document No. 3016.00/4, page 5 of Appendix). In addition, it was the United States Delegation's view that what was really important in this matter was the type of compound that was controlled; in their opinion, the French Delegation's text as modified at the suggestion of the United Kingdom Delegation covered the principal cobalt compounds whose cobalt content was substantial, therefore warranting embargo, and free those with a lesser cobalt content. He had handed to the Belgian Delegation and to some others a list from Washington of the principal compounds which would be covered and which would be freed. (See paragraph 12 below.) Unfortunately from the Belgian point of view it was the United States understanding that this formula, which had met with the favour of most Delegations, would embargo the compounds which the Belgian Delegation wished to have freed.
8. As to the Belgian proposal for liberalising compounds to the same extent as alloys, the United States ~~had never been in favour~~ of the liberation of any cobalt alloys. Because some Delegations did not regard 1635(b) as covering cobalt alloys, but only alloy steels with a certain cobalt content, the United States Delegation had proposed, as a compromise between their own desires and those of some other delegations, the following definition for cobalt alloys: "50% or more cobalt, or 19% or more cobalt and 14% or more chromium in combination". This should not be overlooked in the interpretation of the Belgian reference to "the freeing of alloys containing up to 50% cobalt": the United States proposal would also embargo alloys containing 19% or more cobalt and 14% or more chromium in combination. This was also true of the United Kingdom proposal, except that the United Kingdom also proposed certain limitations (less than 1% carbon, or 3% or more molybdenum) which made the United Kingdom proposal unacceptable to the United States Delegation.
9. The FRENCH expert stated that the difficulties about which the Committee had just heard undoubtedly arose from the lack of homogeneity between the position of ores on the one hand, which were embargoed even if the cobalt content was small, and alloys on the other hand, which might be exported up to a 49% cobalt content. ~~Between the two, compounds occupied an intermediary position and thus they had started a chain reaction.~~ *Within the chain of transformations.* Referring to the United States Delegation's point that compounds should be listed, the expert expressed the opinion that this would complicate a situation which was already somewhat confused. Even in the excellent list which had been submitted by the United States Delegation, there were certain omissions - for example, formates, hydrides, fluorides (which were nevertheless quite common). Whatever care were taken, any list would probably be incomplete. The expert reminded the Committee that a similar problem had arisen in the case of molybdenum. This had finally been solved to the general satisfaction by the setting of a percentage for the molybdenum elements, whether hydrated or not, which would be embargoed. The solution of the present problem might lie along similar lines.
10. On January 30th the CHAIRMAN asked the Belgian Delegation (who were the only Delegation objecting to the definition for Item 1720 (1648(d)) upon which the Committee had agreed previously) if they were now in a position to formulate a definition meeting the points they had raised on the previous day.

CONFIDENTIAL

CONFIDENTIAL

- 4 -

COCOM Document No. 3416.00/2

11. The UNITED KINGDOM Delegate stated that the United States Delegation had given him a list of various cobalt compounds which indicated their cobalt content and whether they would or would not be caught by the definition contemplated for the new Item 1720. On the previous day he had understood the Belgian and French experts to say that it would be inadvisable to draw up lists, either of what would be excluded from the definition or of what it would cover. He shared the Chairman's view that it would be most helpful to the Committee and to all its members if the Belgian Delegation could produce a simple definition of cobalt and cobalt compounds which would be defensible from their point of view - that is to say, one which would cover those cobalt compounds having strategic significance and would exclude those with a predominantly civilian use.

12. The UNITED STATES Delegate confirmed that he had received from Washington the list to which the United Kingdom Delegate had referred. He had already handed copies to certain interested Delegations, and would be glad to place the information at the disposal of all. He would therefore hand a copy of the list to the Secretariat to be issued as an annex to the record of the current discussions.

(b) Alloys

13. The BELGIAN Delegate stated that the point at issue was the link which they wished to establish between alloys and compounds. On alloys, there were two proposals: one from the United Kingdom and one from the United States. If the United Kingdom proposal were accepted, it would be very difficult for the Belgian Delegation to formulate a proposal, as under that proposal certain compounds containing as much as 80 or 90% of cobalt would be free if they contained 2% of carbon. Under the United States proposal, the maximum cobalt content permissible would be 49%. The Delegate said he would be glad to hear the views of other Delegations on these alloys proposals.

14. The GERMAN Delegate said that he had listened with great interest to the explanations given by the Belgian Delegation on the previous day. In his view, that Delegation were right: the question was one of applying the agreed criteria. As the proposals on alloys did not cover all cobalt-based alloys but only some of them, it was manifest that the Committee had not agreed to apply criterion (c) to cobalt, but only criterion (a). In other words, only alloys which had strategic importance in themselves were covered - the question of shortage was not taken into consideration. If this yardstick was the one applied in the case of cobalt alloys, then it should be applied equally where cobalt compounds were concerned. When the United Kingdom Delegate had referred to strategic compounds, the German Delegate had understood him to mean any compounds which in themselves had strategic implications. The German Delegate, however, was not aware of the existence of any such compounds. In his understanding, where compounds were covered, this was simply and solely because there might be a possibility of extracting cobalt from them. This was equivalent to covering them under criterion (c). Therefore, as criterion (c) had not been adopted with respect to cobalt, it would be only logical to delete all cobalt compounds from embargo. If any Delegation proposed this, the German Delegation would accept it. The Delegate reminded the Committee that at the outset of the list review, certain Delegations had proposed that the whole of the cobalt item should be deleted.

15. The United States Delegate said that he, for one, was not going to suggest the deletion of cobalt compounds. He realised that the Committee had now reverted to a fundamental conceptional difference, which had existed for

C O N F I D E N T I A L

CONFIDENTIAL

- 5 -

COCOM Document No. 3416.00/2

long time and unfortunately was not likely to be solved at the present meeting. The Delegate felt sure that other Delegations realised that, in the United States view, cobalt met both criterion (a) and criterion (c). He had been instructed to make a statement in this connection which dealt with the question of alloys particularly. The United States authorities believed, on the basis of extremely recent intelligence information, that the Sino-Soviet Bloc had a cobalt deficiency which was critical in relation to the production in peace time of modern arms, ammunition and implements of war. Because cobalt was essential to the production of high-temperature steel and other alloys primarily used for military purposes, it was the view of the United States authorities that cobalt met criterion (a) and criterion (c). They agreed with the contention expressed earlier by the United Kingdom Delegation that the United Kingdom proposed definition of cobalt alloys satisfactorily covered alloys having primarily military applications. This did not, however, lead the United States authorities to accept the United Kingdom proposal, because the latter would not prevent the export of alloys with a cobalt content sufficiently high to make them a source of cobalt. It was true, as the United Kingdom Delegation had stated at one point, that the logic of the United States position might require the embargo of all cobalt alloys: it was equally true that this would be the United States preference. In a spirit of compromise, however, the United States Delegation had been willing to limit the definition to alloys with primarily military application and those which were feasible sources of cobalt.

16. The BELGIAN expert stated that his Delegation were not in principle opposed either to the United Kingdom or to the United States proposal on alloys. What they did wish to ensure was that, when one or the other had been accepted, a parallel cut-off should be applied in the case of compounds; and, more specifically, that the salts and oxides referred to in the Belgian proposal should receive equitable treatment. If it were considered that all alloys containing less than 50% of cobalt should be freed, then so should compounds with a similar percentage. If a lower figure were set for alloys, the Belgian view was that parallel lower treatment should be granted to compounds. Upon examination of the United Kingdom proposals, which would free alloys with a content of more than 1% carbon even if the cobalt content were more than 50%, it was clear that it would be legitimate under this definition to export an alloy having 80% of cobalt and 1% of carbon. Such an alloy, from the strategic point of view, would be of greater value to the Bloc than an oxide with a cobalt content of 75%. If the United Kingdom proposal were accepted, the Belgian Delegation would be obliged to maintain their request for the freeing of all cobalt oxides and salts. If the Committee did not wish to go so far in freeing alloys, and adopted the United States proposal, then the Belgian Delegation could accept an equivalent measure for cobalt compounds and would ask that salts and oxides having less than 50% cobalt content should be freed. It could not be claimed that, from any point of view, cobalt salts were more strategic than an alloy containing 50% of cobalt. Some Delegations held that recuperation from salts would be possible, even if uneconomic. But it was possible, by means of a metallic adaptation, to adjust an alloy having a 50% cobalt content at the outset so that finally it would have a higher cobalt content. Such a transformation was far more difficult in the case of a salt.

17. The CHAIRMAN appealed to Delegations to make up their minds as to whether they wished for a more conservative or a more liberal definition of cobalt alloys. In the case of cobalt compounds, he pointed out, there was no doubt that any new proposal adopted would represent a liberalisation compared to the present coverage. He asked that proposals should be logical in this respect.

CONFIDENTIAL

18. The FRENCH Delegate thanked the Chairman and hoped that the question would be examined from a practical point of view. As the Belgian Delegate had said, and as the French expert would repeat, there was no need for the fear which had been expressed that cobalt could be extracted more readily from compounds than from alloys. The French Delegation supported the Belgian and German Delegations in asking for parallel treatment for alloys and compounds. This being said, the Delegate felt that some Delegations were regarding cobalt as an elusive beast. This was not justified. He referred to a highly-industrialised country not far from the frontiers of France which had succeeded in extracting from pyrites 100 tons of cobalt annually, a quantity which was adequate to meet their domestic needs. The French Delegation considered that this product, necessary though it might be, was not indispensable for the maintenance of strategic equilibrium in the world.

19. The French expert confirmed that in the case of both alloys and compounds, it was simple for a country having no preoccupations regarding cost to extract cobalt without much difficulty. As to the shortage argument, reference had just been made to a country which had succeeded in obtaining cobalt from an unusual source. This proved that countries having no natural resources of cobalt might discover it by treating certain ores having a small cobalt content and not normally considered in this connexion. With a cut-off of 50% or more cobalt element - which should be adopted both for alloys and for compounds - only five compounds would be covered: oxides, chlorides, sulphides, fluorides and hydrides. The last-named was strategic in itself. If, on the other hand, the figure were reduced to 30%, there were fifteen easy and common combinations. Carefully as the United States list had been compiled, it still appeared therefore to be incomplete. A cut-off of 50% would give a clear and precise definition.

20. The GERMAN Delegate felt that at this point it would be better to leave compounds aside and to speak only of alloys. The United States had made a statement on that subject and he wished once again to state the German point of view. At the previous meeting, in a spirit of compromise, he had made a proposal linking this item to nickel (Item 1661) and suggesting some "give and take". It seemed that this proposal had not evoked an enthusiastic response from the United States Delegation. He could only regret therefore that in consequence the German Delegation would be unable to accept the United States proposal on 1648(b) in its present form. Here too, however, they had re-examined the matter and thought it possible to find a compromise which would give partial satisfaction to the United States Delegation and partial satisfaction to the United Kingdom Delegation. The definitions proposed by the United Kingdom and the United States were separated into two parts:

- (i) 50% or more cobalt (with an addition in the case of the United Kingdom text)
- (ii) 19% or more cobalt and 14% or more chromium in combination (with or without addition).

If the Committee accepted the United States arguments as to cobalt alloys being a basis for the extraction of cobalt, it would seem logical to accept "50% or more cobalt" without any addition. This, then, would give some satisfaction to the United States Delegation. On the other hand, the Delegate could not see the necessity, under the United States arguments, to accept the "19% cobalt/14% chromium" text without any addition, because an alloy with, say, 25% cobalt and no chromium would not then be covered; and this 25% cobalt would certainly yield more cobalt, if extracted, than the 19% alloy combined with chromium. If the first part of the definition were regarded as being covered by

CONFIDENTIAL

- 7 -

COCOM Document No. 3416.00/2

criterion (c), the second part must be considered as being covered by criterion (a). As a definition covered by criterion (a) the United States had recognised that it covered everything which should be covered. For these reasons the German Delegation would be ready to accept for Item 1648(b) a definition reading as follows:

- (b) Cobalt-bearing alloys, containing
 - (i) 50% or more cobalt; or
 - (ii) 19% or more cobalt and 14% or more chromium and less than 1% carbon or 3% or more molybdenum.

21. The German Delegate added that, as he had pointed out at the last meeting, if the Committee failed to reach agreement as to cobalt alloys, on a strictly legal basis no cobalt alloys would be covered. The present definition of cobalt did not refer to alloys. As to Item 1635, it had repeatedly been confirmed in the Committee that most Delegations had always considered, and continued to consider, that this covered alloy steels only. The German Delegation themselves had stressed this point two or three years ago and had proved that the historical development of the item showed clearly that it had only been intended to cover alloy steels. This had been repeated some weeks ago by Mr. Homan of the United Kingdom Delegation.

22. The NETHERLANDS Delegate said that, in view of the statements which had been made in the course of the last two days, he wished to clarify his Government's position. They had previously been in favour of freeing cobalt compounds, but they could now support the Belgian proposal for a parallel cut-off of 50%, applied both to alloys and to compounds.

23. The UNITED STATES Delegate said that he would reply first to his German colleague's last remarks as to the status of cobalt alloys if no agreement were reached. He realised that there was a difference of interpretation as to what cobalt alloys were really covered in the Lists. At a recent meeting he had asked his German colleague whether it was not correct that in actual practice in Germany cobalt alloys were embargoed at least for a content of 6% or above (as evidenced by the German application of the IC/DV procedure to cobalt alloys) and he believed the answer had been that in actual practice the German authorities controlled cobalt alloys. The United States Delegation would be most interested to learn the actual practice in the various participating countries. He had put the same question informally to the United Kingdom Delegation, but had not yet had a reply.

24. The GERMAN Delegate said that it was not quite correct to state that in German practice all cobalt alloys containing 6% of cobalt were covered: what were covered were steel alloys containing 6% of cobalt, and all cobalt-based alloys in which cobalt was the major constituent.

25. The UNITED KINGDOM Delegate said that he entirely shared the view of the German Delegate (and many others) in taking the heading of Item 1635 to mean alloy steels. He would speak to that point when the Committee began to discuss Item 1635. As to the question of cobalt alloys, the position was that Item 1635(b) covered alloy steels with a 6% cobalt content, and that there was no other heading in the Lists under which cobalt alloys were covered. The United Kingdom Export Control Order would not include a new item for control before the definition of an embargo item had been agreed by the Committee.

CONFIDENTIAL

CONFIDENTIAL

- 8 -

COCOM Document No. 3416.00/2

26. The CHAIRMAN said that his doubts as to the lack of uniformity were thus confirmed. It was therefore highly important that the Committee should reach agreement at the earliest possible moment. The German Delegate had submitted a proposal separating the United States and United Kingdom proposals. This would enable the Committee to agree an exact percentage, which would then be taken up in the case of compounds also. He recommended that this definition should be submitted to Governments.

27. The Chairman summarised the situation in the following terms. In the case of alloys presenting only a possibility of being used for warlike purposes - that is to say, by means of the extraction of cobalt - the United States Delegation would be satisfied with a 50% cut-off. Some special alloys, however, were in themselves useful for war purposes and were also in short supply in the Bloc. Some Delegations considered that they should be completely embargoed. As to compounds, it seemed that none of these was in itself a useful material for warlike purposes, but they were sometimes of value from the point of view of the possibility of extracting cobalt. The percentage cut-off applied in the case of alloys might be acceptable for compounds only in so far as concerned that extraction possibility.

28. The UNITED STATES Delegate said that he would now introduce a complication which might, paradoxically, simplify matters. As Delegations were aware, the United States had proposed an embargo on any scrap having a cobalt content of 6% or more. The Delegate had noted with satisfaction (even gratitude) that, in the national control lists which the German authorities were about to issue, there would appear the definition of cobalt alloys which had been proposed by the United States Delegation. The Delegate realised that this was a temporary measure only and would not be maintained by the German authorities indefinitely unless the Committee adopted it. He was nevertheless emboldened by this circumstance to lay the following proposal before the Committee. What he had to suggest was that the Committee should accept the United States proposal on cobalt-based alloys (50% or more cobalt or 19% or more cobalt and 14% or more chromium in combination). This proposal was made in the knowledge that no one would wish to frustrate the control exercised - at least for the time being - by the German authorities and that certainly no one desired to take advantage of the German Delegation's good faith, and in the hope of making the current German practice permanent for all member countries. On that basis, the United States Delegation could accept the following definition for cobalt scrap:

(c) Scrap forms of the metal and alloys listed above.

(This text for scrap was what the United Kingdom had already proposed, as set out on page 5 of COCOM Document 3016.00/4.)

29. The GERMAN Delegate said that he could not accept this proposal.

30. The BELGIAN Delegate said that it was difficult to link scrap and alloys. In Belgium scrap was considered as raw material, like ores and concentrates. His Delegation could not agree to free scrap containing a certain percentage of cobalt. The solution was not to link scrap with alloys, but simply to consider the proposals submitted concerning alloys. The Belgian Delegation were not opposed to either proposal. But it would help them in regard to compounds - if the United States proposal on alloys were accepted - if the Committee would agree to a Belgian proposal for an embargo on all compounds containing more than 50% cobalt. The definition should refer to compounds as they exist on the market, without any distinction as between anhydrous and hydrated. Everything would depend, however, on the response to the United States, German and United Kingdom proposals.

C O N F I D E N T I A L

CONFIDENTIAL

- 9 -

COCOM Document No. 3416.00/2

31. In response to the Chairman's request for comments on the original United States proposal, the UNITED KINGDOM Delegation continued to support their own proposal.
32. The CHAIRMAN next asked for Delegations' positions on the United Kingdom proposal as set out on page 2 of COCOM Document Sub-C(58) 8.
33. The NETHERLANDS Delegation took up the same position as the Belgian Delegation.
34. The ITALIAN Delegation stated that they could not give a final reply at the present stage.
35. The CANADIAN Delegation asked to be added to the list of countries supporting the United Kingdom proposal.
36. The CHAIRMAN pointed out that the United Kingdom proposal on alloys was not acceptable to the United States Delegation and would raise some problems as regards compounds. There still remained on the floor the compromise proposal put forward that day by the German Delegation. He asked whether all Delegations were prepared to transmit this to their Governments.
37. All Delegations agreed to refer the German proposal to their Governments.
38. The UNITED STATES Delegate, remarking that his Delegation were prepared to do their utmost to find a solution acceptable to all, and regretting that his last suggestion had not provided this, put forward another proposal: to accept the German compromise text between the United Kingdom and United States proposals, coupled with the following definition to be placed on the Watch List:
- "Cobalt alloys n.e.s., containing 19% or more cobalt and 14% or more chromium in combination, and scrap thereof."
- This was presented on the basis (recognised, he believed, by the German proposal) that it would be unfortunate to free cobalt alloys containing 50% or more cobalt merely because the carbon content was 1% or above.
39. The GERMAN Delegate expressed gratitude to the United States Delegation for their prompt demonstration of readiness to compromise. He considered that this latest move by that Delegation might facilitate the finding of a solution regarding scrap. The German position on scrap was very close to the Belgian point of view: they considered it should be treated in the same way as raw materials, that is to say, all cobalt-based scrap should be totally embargoed. In fact, this was the situation in the German national control list.
40. The CHAIRMAN summed up the new situation as follows:
1. On Item 1648(b) Delegations had undertaken to submit to Governments for approval the German proposal which embodied a compromise between the United Kingdom and United States earlier proposals. The United States Delegation had already signified their approval, on condition that the Committee would accept the definition for the Watch List which they had just submitted (see paragraph 38 above).
 2. As to Item 1720 (1648(d)) the Belgian Delegation had proposed to embargo compounds containing 50% or more cobalt.

C O N F I D E N T I A L

CONFIDENTIAL

- 10 -

COCOM Document No. 3416.00/2

3. On the question of scrap - Item 1648(c) - the United States had supported the United Kingdom position in submitting the text "Scrap forms of the metal and alloys listed above" (See paragraph 28 above and paragraph 45 below). The German Delegation preferred the following wording: "Cobalt metal scrap and cobalt-based alloy scrap".

41. The BELGIAN expert explained his previous remarks to the effect that in Belgium scrap was regarded as being a raw material: he had meant to refer to the fact that scrap was a source from which the Soviet Bloc would be able to extract cobalt and thus it would help them to build up a refinery industry. The Belgian authorities wished to avoid allowing the Bloc a supply of raw materials in any form. They desired to export finished products only and were anxious to be in a position to cut off all supplies in the event of any threat of hostilities.

42. The CHAIRMAN concluded his summing-up with the indication that the Belgian Delegation proposed an embargo on all scrap containing cobalt, whether metal or alloy.

43. The GERMAN Delegate said that he would withdraw his suggestion and would support the United Kingdom and United States position (see paragraph 28 above). Referring to the Belgian position, he repeated what he had already stated in the Committee on many previous occasions. The Committee had decided to delete from the International Lists all iron and steel scrap. The Belgian proposal would mean re-introducing iron and steel scrap if any cobalt was contained therein. He drew the attention of the Belgian Delegation to the fact that Belgium, like Germany, was not allowed to export any iron and steel scrap to any countries other than those of the E.C.S.C.

44. The UNITED STATES Delegate pointed out that when he had proposed "Scrap forms of the metal and alloys listed above" it had been in connection with the first compromise proposal he had made on cobalt alloys (see paragraph 28 above); as that proposal had not been acceptable to the Committee, he had proposed, as a last resort, to accept the German compromise proposal on cobalt alloys, coupled with a proposed Watch List definition for cobalt alloys and scrap thereof, without making any proposal to alter the current scrap coverage of Item 1648. He could heartily accept the broadest possible cobalt scrap embargo.

45. The UNITED KINGDOM Delegate repeated that the United Kingdom authorities considered cobalt scrap to mean only scrap which contained cobalt as the major constituent. The United Kingdom authorities would not accept any proposal that scrap should be embargoed simply because it contained cobalt. As the German Delegate had pointed out, this would reintroduce an item already deleted from the International Lists.

46. The BELGIAN Delegate said that his Delegation had no wish to be obstructive, and would report back to their Government the remarks they had just heard on the subject of iron and steel scrap. He asked whether a percentage had been fixed in that connexion.

47. The GERMAN Delegate replied that, from the Coordinating Committee point of view, what was free was material containing iron as the major constituent. In response to a query from his Belgian colleague as to scrap having a 49% cobalt basis, the German Delegate replied that in practice such scrap did not exist, but that all scrap with a high percentage of cobalt would be covered by the definition of cobalt alloys. What would not be covered would be iron and steel scrap containing 5 or 10 or at the most 15% of cobalt.

C O N F I D E N T I A L

CONFIDENTIAL

- 11 -

COCOM Document No. 3416.00/2

48. The CANADIAN Delegate said that the position of the Canadian authorities was similar to that which had just been explained by the United Kingdom Delegate. They were willing to support measures to embargo scrap and alloys where cobalt was the major constituent, but they were not prepared to embargo nickel or other alloys in which there happened also to be an insignificant quantity of cobalt.

49. The BELGIAN Delegate stated that they did not wish to suggest that the Committee should go back on previous agreements as to iron and steel scrap. His authorities were not prepared, however, to export cobalt scrap or cobalt alloy scrap, and considered that these should be embargoed.

50. The FRENCH Delegate suggested the following wording:

"Cobalt-bearing scrap; excluding iron and steel scrap containing insignificant quantities of cobalt (as defined in Item 1635(b))".

51. The GERMAN Delegate said that he would be unable to accept under the heading "Cobalt" any definition covering anything less than what was covered under that heading in the German Customs Tariff.

52. The UNITED STATES Delegate stated that, if the Committee agreed to the German proposal for Item 1648(b) and to the United States Watch List definition for cobalt alloys and scrap, his Delegation would be prepared to change their position in the following manner:

1. For cobalt scrap embargo (under Item 1648) they would accept the wording "Scrap of the metal and alloys covered above";
2. For Item 1635 they would accept the heading "Alloy steels";
3. Under Item 1635 they would wish to add a new sub-item to cover scrap forms of all of the alloys embargoed by that Item.

53. The CHAIRMAN stated that the Committee had now reached almost unanimous agreement on the United Kingdom proposal concerning scrap. There still remained a counter-proposal submitted by the Belgian Delegation. He asked that Delegation to make an effort at the next meeting to join the majority. He asked other Delegations to endeavour to work out some means of meeting the Belgian difficulties.

54. It was AGREED that this discussion should be resumed on the 12th February.

C O N F I D E N T I A L

CONFIDENTIAL

- 12 -

COCOM Document No. 3416.00/2White Alloys

55. The UNITED STATES Delegate said he had been instructed to enquire what would be the situation of the cobalt products known as "White Alloys". Should a reference be inserted in Item 1648 or in Interpretative Note No. 6 ?

56. The FRENCH expert explained that such products would not in any event be exported behind the Iron Curtain from France. From a purely theoretical point of view, however, he pointed out that they would not be covered by the definition proposed for cobalt alloys, which had a 50% limit; the highest cobalt content of white alloys was 45%.

57. The UNITED STATES Delegate asked whether they would be caught by the other part of the definition: 19% or more cobalt and 14% or more chromium and less than 1% carbon or 3% or more molybdenum.

58. The BELGIAN expert replied that in that case they would be Red Alloys, which contained less cobalt than white alloys, but more copper. White alloys also contained copper, and an insignificant quantity of iron, but had over 40% of cobalt. The Belgian authorities would not allow the export of either red alloys or white alloys.

59. The GERMAN Delegate asked whether the Belgian customs authorities considered red alloys as raw material.

60. The BELGIAN expert replied in the affirmative.

61. The GERMAN Delegate proposed in consequence that an addition should be made to Item 1648(a): Raw materials, to the following effect: "including White Alloys and Red Alloys".

62. The UNITED STATES Delegate considered that this would be a satisfactory solution.

63. It was AGREED that views on this matter would be heard on the 12th February.

Nickel: Item 1661(b)

64. The UNITED STATES Delegate stated that his authorities welcomed the spirit of the proposal by the United Kingdom Delegation set out in COCOM Document 3016.00/4 but were unable to accept it because it failed to embargo certain very important nickel alloys used in the production of extremely strategic military equipment, such as jet engines and rotor blades.

65. The GERMAN Delegate said that he could but repeat the regrets he had expressed at the previous meeting as to the inability of the United States Delegation to fall in with this solution. He also repeated his question whether the United States Delegation could put forward another proposal which would exclude from the definition resistance wires, monel metal and similar products.

66. The UNITED STATES Delegate said that he had already forwarded this query to Washington and that the United States experts were continuing to study it; they were, however, satisfied with the current definition of this sub-item.

67. The GERMAN Delegate stated that the German authorities had received an application for a licence to export welding rods containing 66% of nickel, 33% of copper and 1% of iron; these were not strategic, but they were covered by the present definition.

C O N F I D E N T I A L

CONFIDENTIAL

- 13 -

COCOM Document No. 3416.00/2

68. The UNITED KINGDOM Delegate addressed himself to some of the alloys specifically mentioned by the United States Delegation when this matter had last been discussed (as set out on page 3 of COCOM Document No. 3416.00/1). In respect of three of the alloys named, his Delegation had commented previously: these were Hastelloy D, Inconel and Hastelloy Z. He now wished to offer the following comments on some others. NA 22 H was a nickel-tungsten-chromium alloy and could be regarded as an unsuccessful intermediate alloy situated between ordinary nickel steels and the high-nickel alloys. Incolloy had proved difficult of identification, and the Delegate said he would be grateful for any further information which the United States Delegation might be able to give. As to Nimonic D.5 and Nimonic 75, in the view of the United Kingdom authorities both of these were commercial alloys of no significance. Nimonic 75 had been replaced by Nimonic 80 and Nimonic 90 and its position was almost identical with that of a widely used commercial alloy called Brightray.
69. The GERMAN Delegate asked his United States colleague, with reference to the naming by the United States Delegation of a number of alloys which would not be covered by the United Kingdom proposal, whether the United States Delegation would be ready to agree to exceptions from their definition if these exceptions did not concern any of these alloys as named by them.
70. The UNITED STATES Delegate undertook to obtain an answer to this question, which, he assumed, concerned requests to the Committee involving exceptional exports.
71. The GERMAN Delegate, on a personal basis, expressed the view that the German Government would be able to accept the United States proposal if the United States Delegation undertook not to raise any objections to exceptions requests concerning alloys not covered by the United Kingdom proposal and not among those which had been named by the United States Delegation.
72. The CHAIRMAN asked whether this constructive suggestion would meet the concern of the United States authorities and, if so, whether they could, on this understanding, join the majority.
73. The UNITED STATES Delegate stated that his Delegation would of course always be willing to consider exceptions when it could be shown that the export involved was not important enough to justify denial. They would equally give careful study to the specific personal suggestion made by the German Delegate. The Delegate pointed out that both in Working Paper 29 and in his own comments on the United Kingdom compromise proposal set out on page 7 of COCOM Document No. 3016.00/4 only examples had been given, not a full listing. His Delegation would ask their authorities to study the advisability of drawing up a complete list.
74. The CHAIRMAN suggested that, alternatively, the Committee might request the German Delegate to draw up a positive list of the products which the Committee would agree to be acceptable for export.
75. The GERMAN Delegate expressed the view that this would be much more difficult.
76. The CHAIRMAN asked whether the Committee could hope to receive a counter-proposal from the United States Delegation.

CONFIDENTIAL

CONFIDENTIAL

- 14 -

COCOM Document No. 3416.00/2

77. The UNITED STATES Delegate stated that all these matters constituted the major preoccupation of many officials in Washington, but that he had received no indication so far that they would wish to submit a proposal to substitute another text for that which was currently in force.

78. The CHAIRMAN suggested that attention might be concentrated on the question of lists. In the absence of a complete list, the Committee had nevertheless been given some negative and some positive indications. In the interval between the present discussion and the next, he proposed that efforts should be made to add to these two lists. It might be possible then to reach an understanding at least as far as concerned products which did not cause concern in Washington.

79. It was AGREED that discussion on Item 1661(b) would be resumed on the 12th February.

Item 1661(c)

80. The CANADIAN Delegate stated that his authorities had studied the United States statement set out in COCOM Document 3416.00/1. They had instructed him to say they had not seen any evidence that scrap forms of nickel alloys were being used by the Soviet Bloc for the purpose suggested by the United States Delegation, although they agreed that the reconstitution of alloys was metallurgically feasible. They considered that nickel-based alloys were unimportant strategically as alloys and that their only use to the Bloc would be as a source of nickel metal, which was not embargoed. If it could be shown that the Soviet Bloc was reconstituting alloys from scrap rather than using scrap forms as a source of nickel metal, the Canadian authorities would be prepared to agree to the proposed definition.

81. The UNITED STATES Delegate pointed out that what the Soviet Bloc did with the scrap had not formed part of the original question put to him by the Canadian Delegate. Although the United States Delegation had, he believed, accepted the answer, the United States Delegation were now informed that there were really two questions, the second being a query as to whether the Soviet Bloc really did what the United States said could be done. The Delegation had no specific intelligence information on this point, but they would deduce from the Soviet Bloc shortage of nickel and nickel alloys that the bloc would be very likely to use scrap for the reconstitution of alloys. If he could supply the Canadian Delegation with further intelligence information, he would do so. In the meantime, the words "in any form" were still in the definition of Item 1661(b), and to the United States Delegation that phrase continued to mean that scrap was embargoed.

82. The CANADIAN Delegate, referring to the words "in any form", stated that he had reported the United States point of view to his authorities. He believed that there was a difference of interpretation in this connexion.

83. It was AGREED that discussion on Item 1661(c) would be resumed on 12th February.

Item 1635

84. The UNITED STATES Delegate stated that if the proposal made that day by the German Delegation regarding the cobalt alloys to be defined at Item 1648(b) and the United States proposal for a corresponding Watch List item were acceptable to the Committee, the United States Delegation would be

* had answered the question put to them, and the Canadian Delegation

C O N F I D E N T I A L

CONFIDENTIAL

- 15 -

COCOM Document No. 3416.00/2

able to remove their reservation and agree that Item 1635 should refer to Alloy steels. (See paragraphs 20, 38 and 52 above).

85. The Delegate said that his authorities wished him to proposed that under Item 1635 there should be included scrap forms of the products covered there. If the definition were limited to alloy steels, the embargo coverage would be small, and the United States authorities felt that coverage of scrap forms there would be consistent with the status of other metals. The Delegate added that he was not insisting on answers at the present meeting on this new proposal, although he hoped the Committee could readily agree now, at least with regard to scrap forms of Item 1635(b); he would be glad to revert to the matter at the Committee's convenience.

86. The GERMAN Delegate said that his authorities would study the United States proposal. He wished however to repeat what had been the position of his Government throughout the whole of the List review: they were not willing to bring back under embargo iron and steel scrap. The United Kingdom Delegate agreed.

87. The CHAIRMAN raised the question of the words "containing 50% or more iron" which the Sub-Committee on Lists had proposed for insertion in the definition of Item 1635.

88. The UNITED STATES Delegate pointed out that during the previous discussion the German Delegate had suggested that this be omitted; that was agreeable to the United States Delegation.

89. The CHAIRMAN felt that he could now confidently ask Delegations to be prepared at the next discussion to complete the series of agreements on this item by accepting the solution proposed by the United States Delegate. If, however, unanimity were not reached, he asked Delegates to be ready to declare officially their authorities' interpretation at the present time of the coverage of cobalt alloys and of Item 1635. This would be essential if uniformity of control were to be maintained.

90. It was AGREED that discussion on Item 1635 would be resumed on the 12th February.

CONFIDENTIAL